

Frequently Asked Questions

Repayments of the Loans between the Former RDAs and Sponsoring Entities

Question 1: HSC section 34191.4 (b) (2) requires us to recalculate the accumulated interest on the loan from loan origination at the Local Agency Investment Fund (LAIF) interest rate. Because the LAIF rates change on a quarterly basis, it is unclear which LAIF rate should be used in the computation.

Response: It should be the quarterly LAIF rate at the time when your agency's oversight board makes a finding that the loan from the sponsoring entity to the former redevelopment agency (RDA) was for legitimate redevelopment purposes. Accumulated interest on the loan should be recalculated from the date of loan origination at this same LAIF interest rate which supersedes any existing interest rates in the loan agreement.

Question 2: According to HSC section 34191.4 (b) (2) (A), the maximum annual repayment amount, combined with Supplemental Education Revenue Augmentation Fund (SERAF) loans and deferred deposits (deferrals) to the Low and Moderate Income Housing Fund (LMIHF), is limited to one-half of the increase between the amount distributed to the taxing entities in that fiscal year and the amount distributed to taxing entities in the 2012-13 base year. However, it is unclear what makes up the 2012-13 base year calculation.

- a) Is it based on the fiscal year when the amount of money was distributed for use in 2012-13 (ROPS II and ROPS III), or is it based on the fiscal year when the money was actually distributed in 2012-13 (ROPS III and ROPS 13-14A)?
- b) Does the 2012-13 base include all distributions to taxing entities, such as the LMIHF and Other Funds and Accounts (OFA) Due Diligence Review (DDR) remittances, July 2012 true-up payments, or proceeds from asset dispositions?

Response:

- a) Former. The 2012-13 base year is calculated based on the amount of money distributed for use in 2012-13. In other words, it is based on ROPS II and ROPS III and related distributions made on June 1, 2012 and January 2, 2013, respectively.
- b) No, it is specific to residual amounts obtained through the ROPS process. The 2012-13 base is the amount distributed to the taxing entities pursuant to HSC section 34183 (a) (4) for fiscal year 2012-13. In other words, it is ROPS residual after payments of pass-through, approved ROPS obligations, and the county auditor-controller administrative costs.

Question 3: The maximum annual loan repayment, together with repayment of SERAF loans and deferrals, is limited to 50 percent of the increase in the amount of ROPS residual payment to the taxing entities in that fiscal year and such amount distributed in 2012-13 base year. However, we currently have the residual amount for the 2012-13 base year, but not for the 2013-14 amount. Are we allowed to estimate the increase?

Response: HSC section 34191.4 (b) (2) (A) states that the maximum repayment amount authorized each fiscal year shall be equal to one-half of the increase between "the amount distributed" to the taxing entities in that fiscal year and the amount distributed to taxing entities in the 2012-13 base year. Therefore, the 2013-14 residual amounts should be based on the **actual** amount, not on an estimated amount. Consequently, the 2013-14 amounts will be based

on ROPS 13-14A and ROPS 13-14B, and the agency will be able to request funding for the repayment of sponsoring entity loans beginning with ROPS 14-15A.

Question 4: Loan repayments to the city were denied on previous ROPS because we have not received a Finding of Completion (FOC). We anticipate receiving a FOC soon once we make DDR payments for both LMIHF and OFA. However, these items are locked on the pre-filled ROPS form. How can we report loan repayments to the city on ROPS, if:

- a) The FOC is issued prior to ROPS submission.
- b) The FOC is issued after the ROPS has been submitted, but the meet and confer session has not been completed.
- c) The ROPS meet and confer determination letter has been issued.

Response:

- a) We will unlock these items on the ROPS form and email you the updated form. Please update the description for loan repayments to the sponsoring entity as: "Loan repayments pursuant to HSC section 34191.4 (b)".
- b) You can request a meet and confer and these items will be addressed through the ROPS meet and confer process, or the loan repayment can be listed on your next ROPS.
- c) Loan repayments can be listed on the next ROPS.

Question 5: HSC section 34191.4 cites 34176 (e) (7). However, this section does not exist. Is the reference made to 34176 (e) (6) related to amounts borrowed from the LMIHF?

Response: It is likely the reference should have been HSC section 34176 (e) (6) (A) that refers to the repayments of loans or deferrals owed to the LMIHF.